

UAC INSURANCE MUTUAL

Membership Meeting

November 11, 1998, 4:00 p.m.

St. George Holiday Inn, Sabra A&B

A G E N D A

4:00	Call to Order & Member Roll Call	Gary Herbert
	Approval of April 1998, Minutes	Gary Herbert
	Welcome New Members	Gary Herbert
	Board of Trustees Elections	Gary Herbert
	Management Review	Gary Herbert
	Joint Policy Statements	Dan McConkie
	Director's Report	Brett Rich
	Broker Report	Rich Stokluska John Chino
	Loss Control Report	Shawn Guzman
	Claims Administration Report	Doug Alexander
	UACIM Committees Report	Kent Sundberg
	1999 General Budget	Ty Lewis
	1999 Member Premium Contribution	Tony Dearden
	Member County Awards	Ed Phillips
	Other Business	Gary Herbert
	Questions and Answers	
	Election Results	Gary Herbert
6:00	Dinner with Partner	Sabra F&G

UACIM MEMBERSHIP MEETING M I N U T E S

November 11, 1998, 4:00 p.m.
St. George Holiday Inn

BOARD MEMBERS PRESENT:

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Secretary-Treasurer*, Davis County Commissioner
Tony Dearden, Millard County Commissioner
Chad Johnson, Beaver County Commissioner
Ty Lewis, San Juan County Commissioner
Tex Olsen, Sevier County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT:

Gerald Hess, *Vice President*, Davis County Deputy Attorney
Monte Munns, Box Elder County Assessor-Treasurer
John Swasey, Duchesne County Commissioner

MEMBERS PRESENT:

Gayle Aldred, Washington County Commissioner
Lee Allen, Box Elder County Commissioner
Rick Bailey, San Juan County Administrative Assistant
Paul Barton, Beaver County Clerk-Auditor
Dave Bateman, Utah County Sheriff
Joe Bernini, Juab County Commissioner
Kay Blackwell, Piute County Commissioner
Neil Breinholt, Carbon County Commissioner
Valeen Brown, Piute County Clerk-Auditor
Glen Burton, Weber County Commissioner
Maloy Dodds, Garfield County Commissioner
Jay Hardy, Box Elder County Commissioner
Boyd Howarth, Juab County Commissioner
Karla Johnson, Kane County Clerk-Auditor
Ike Lunt, Juab County Commissioner

Michael Milovich, Carbon County Commissioner
Camille Moore, Garfield County Clerk-Auditor
Meeks Morrell, Wayne County Commissioner
Clyde Naylor, Utah County Surveyor
Lynn Nelson, Cache County Sheriff
Royal Norman, Box Elder County Commissioner
Ralph Okerlund, Sevier County Commissioner
Carol Page, Davis County Commissioner
Kent Petersen, Emery County Commissioner
Clare Ramsay, Garfield County Commissioner
John Rausch, Box Elder County Purchasing
Steve Rawlings, Davis County Clerk-Auditor Elect
Larry Ross, Duchesne County Commissioner
Mike Seely, Juab County Administrator
Sarah Ann Skanchy, Cache County Council Member
Brad Slater, Weber County Sheriff
Herb Snyder, Uintah County Commissioner
Gayle Stevenson, Davis County Commissioner
Brent Titcomb, Wasatch County Clerk-Auditor
Fran Townsend, Grand County Clerk-Auditor
Steven Wall, Sevier County Clerk
Norman Weston, Rich County Commissioner
David Yardley, Iron County Clerk

OTHERS PRESENT:

Doug Alexander, McLarens Toplis Claims Manager
Karen Fassbach, AJG&Co. Account Assistant
Shawn Guzman, UACIM Loss Control Manager
Brett Rich, Director, UACIM
Rich Stokluska, AJG&Co. Account Executive
Sonya White, UACIM Administrative Assistant

CALL TO ORDER AND ROLL CALL OF MEMBERS

Gary Herbert called the meeting to order and welcomed those in attendance. Pursuant to the UACIM Bylaws Article 4.2(c) *A majority of the members shall constitute a quorum to do business* and Article 4.5(b) *Members shall have the obligation to designate...a representative...for the members' meetings.* Therefore, roll call was taken and the following members designated as representatives: Chad Johnson, Beaver County; John Rausch, Box Elder County; Sarah Ann Skanchy, Cache County; Michael Milovich, Carbon County; Steve Rawlings, Davis County; Larry Ross, Duchesne County; Kent Petersen, Emery County; Camille Moore, Garfield County; Fran Townsend, Grand County; David Yardley, Iron County; Mike Seely, Juab County; Karla Johnson, Kane County; Tony Dearden, Millard County; Valeen Brown, Piute County; Norman Weston, Rich County; Rick Bailey, San Juan County; Steven Wall, Sevier County; Herb Snyder, Uintah County; Kent Sundberg, Utah County; Brent Titcomb, Wasatch County; Gayle Aldred, Washington County; Meeks Morrell, Wayne County; Glen Burton, Weber County. Sanpete County was not represented at this meeting.

APPROVAL of APRIL 1998, MINUTES

The minutes from the April 15, 1998, membership meeting were previously sent to the members for review. A motion was made to approve the minutes as written. The motion was seconded and passed unanimously.

WELCOME NEW MEMBERS

Gary Herbert announced that two counties have joined the UAC Insurance Mutual since the last membership meeting. Weber County joined June 1st and Carbon County joined October 1st. Gary extended a welcome to the newest members.

BOARD OF TRUSTEES ELECTIONS

Each County Representative was given a ballot for their class county. Nominees from the first, second and third class counties were: Alan Gardner, Washington County; Sarah Ann Skanchy, Cache County; Brad Slater, Weber County and Herb Snyder, Uintah County. Nominees from the fourth, fifth and sixth class counties were: Maloy Dodds, Garfield County; Chad Johnson, Beaver County; Ted Kappen, Duchesne County; Ty Lewis, San Juan County; Kent Petersen, Emery County and Fran Townsend, Grand County. Nominees at-large were: Gary Herbert, Utah County; Lynn Lemon, Cache County and Royal Norman, Box Elder County. Gary opened nominations from the floor. Glen Burton, Weber County, was nominated to represent the first, second and third class counties but declined. A motion was made to close the nominations. The motion was seconded and passed unanimously. The County Representatives were asked to cast their votes. The ballots were gathered and tallied.

MANAGEMENT REVIEW

Gary Herbert explained that the UACIM Advisory Committee recommended to the Board of Trustees that an independent review of the Insurance Mutual program be performed. After extensive examination of several proposals, the consulting firm of Warren McVey & Griffin was hired to perform this review. The review was complete on July 21 with the receipt of a *Summary of Management Review*. The Board is pleased with the conclusions of this review and has sent a copy of the summary to each member county insurance coordinator.

JOINT POLICY STATEMENTS

JOINT POLICY CONFLICT OF INTEREST. Dan McConkie explained that the State Insurance Department made the following comment in their last financial examination report: *The Mutual's conflict of interest policy does not cover all of those who have a material influence on its operation. It also does not have a procedure in place where by those effected by the policy affirm that they are aware of it and disclose the lack or present of any conflict on a regular basis.* The Board revised the policy naming the UACIM Director as well as the Board Members in all applicable potential conflict situations. Also, Section Six now reads: *The Director of the Mutual and each Board Member shall complete a disclosure form provided by the Mutual at the first meeting of the Board during each fund year.*

JOINT POLICY CONCERNING THE PAYMENTS OF CLAIMS IN THE EVENT THE LOSS FUND IS EXHAUSTED. Dan McConkie explained that during the 1994 financial examination by the State Insurance Department, the examiner recommended that the Board adopt a policy defining how claims would be paid in the event that the annual budgeted funds of the Mutual became exhausted. Accordingly the Board adopted such a policy. However, following the 1998 examination, the examiner expressed an interpretation of that policy that would expose all surplus funds of the Mutual in the event losses exceed the stop loss policy limits. Therefore, on June 25th the Board passed a resolution adopting a policy that more accurately describes the intent of the Board in this matter. The policy statement clarifies that the Mutual is responsible for any gap between the loss fund and the stop loss aggregate policy limits but not for any amounts exceeding of the stop loss aggregate policy limits. With the adoption of this new policy the Board rescinded the previous policy statement.

JOINT POLICY EMINENT DOMAIN AND/OR INVERSE CONDEMNATION. Brett Rich explained that the Board requested that Great American add an endorsement to the excess policy covering these types of claims up to \$25,000 for defense costs only. The carrier concurred, therefore, the Board has rescinded this policy statement.

DIRECTOR'S REPORT

Brett Rich reported on the financial status of the Mutual. He charted for the members the annual surplus comparison since the inception of the Mutual. As of September 1998, the Mutual has a total surplus of \$2,783,164. The Mutual is in a very good financial position, especially when comparing the slow level of increase in surplus for the first years in operation. In less than two years the surplus account has increased more than \$1.3 million. 1998 revenue for the Mutual is above budget projections and expenses are below. As of the September financial statements, the Mutual's net income is more than 163%. The Mutual has a very good program structure with substantially improved loss control, brokerage and claims services.

Brett explained that the coverages provided by the Mutual to its members have gone through a transformation over the years. At its inception, the Mutual purchased excess insurance and used a *Certificate of Participation*. In 1997, the Mutual contracted with a new broker, changed to the Great American program and began using a *Coverage Agreement*. Because of the surplus level, the Mutual is now in a position to research the possibility of drafting its own *Coverage Document*. This Document would simplify and clarify coverages needed specific to counties. At its last meeting, the Board authorized Brett to negotiate a reinsurance program with Signet Star (liability) and Reliance (property). Brett reviewed the reinsurance program with the members.

LOSS CONTROL REPORT

Shawn Guzman gave a brief overview of a few of his activities this year which included: working closely with the Sheriffs Association, becoming a member of the Utah Weed Control Association, conducting several sexual harassment training sessions, assisting members in developing personnel policies and procedures or bringing their policies up to date, conducted a personnel workshop last May and attended the gravel road's workshop.

Shawn reviewed a graph showing loss types per year. Automobile losses have increased substantially over the last year. The Mutual is stressing the importance of 1) conducting accident reviews on all automobile accidents and taking any necessary action in those reviews, 2) adopting a policy stating that unsafe county vehicles will not be operated and adopt a seatbelt use policy and 3) checking motor vehicle records annually on drivers who routinely operate a county vehicle and adopt a policy on DUI convictions and suspended licenses. Also, several defensive driving courses are made available to the counties each

year and it is absolutely necessary that the county drivers attend a driving course. Shawn acknowledged Officer Darren Bingham, Cache County, who was awarded the top scorer in the POST Skills training by UACIM and encouraged all members to accommodate their Officers in attending annual training.

Shawn explained that the excess carrier has determined that the most effective way to report historical buildings is to identify those properties that the members want replaced as historical. If historical buildings are not listed as such, then in the event of a loss, the building will be rebuilt as a new building without any ornate detail. If a member wants the building replaced with the ornate detail, then the member must provide photos or video of all ornate detail. This will make it easier for the carrier to replace and restore the building to its original condition. Premiums for reported historical buildings are more expensive and historical appraisals are expensive.

Shawn gave tribute to four member county employees who tragically died on duty this year. One employee of the road department was murdered while grading a road. Many times these employees may be out alone far from town. Shawn has spoken to many of the members about requiring radio contact at specified times each day to account for the employees.

BROKER REPORT

Rich Stokluska gave an overview of Certificates of Insurance (see attachment #1). A Certificate of Insurance is a document that provides most of the relevant information pertaining to an entity's insurance. The overview is a summary of the resource manual that is located at the UACIM office. One type of certificate is issued on behalf of the county to show proof of insurance to a third party. Gallagher Company is monitoring this process. The certificates that are a concern are those that the counties are requesting from third parties such as service providers, product providers or anyone who is using county owned facilities. The intent of a certificate is to extend limits of coverage to the certificate holder. It also specifies the rights of recovery should a loss occur. The county should be named as an additional insured to 1) protect resources in the interest of the county, 2) to protect the financial interest of the Mutual, and 3) to transfer the risk of loss to the responsible party. Problems to look for on a certificate are the cancellation notes requirements, coverage inadequacies, dilution of limits and changes in the policy effective dates. In the overview, the members reviewed each area of a sample Certificate of Insurance and received a checklist to use when requiring certificates from third parties (see attachment #2).

CLAIMS ADMINISTRATION REPORT

Doug Alexander reported that the new claims information system is just around the corner. The Pyramid Risk Management Information System is a state of the art program that will allow access to many customized reports. Unlike the reports members receive now, the Pyramid System will have the capability to submit reports to members electronically.

Doug reported that nationally, in the jail liability area, he is noticing claim trends due to male prison personnel over-seeing female inmates. Also, mass proslitigation, a type of global settlement, is ending in big verdicts. Responses to any motion to dismiss and/or salary judgements regarding any civil rights issue for class action or any discrimination cases are no longer expeditious—responses are taking over two years. Doug encouraged the members to consider what exposures in the area of civil rights or exposures to chemicals that may be in the county and report these to Brett Rich or Shawn Guzman.

UACIM COMMITTEES REPORT

Kent Sundberg explained that UACIM has four active standing committees. The Advisory Committee, chaired by Kay Blackwell, was instrumental in recommending that UACIM conduct a management audit of the program. The Committee reviewed several proposals and recommended that the Board select Warren McVeigh & Griffin to conduct that audit. The Personnel Committee consists of member county personnel directors and is chaired by Steve Baker. The Personnel Committee conducted a workshop this year on personnel matters, which was very well attended and very informative. The Committee has scheduled another workshop to be held in Cedar City, May 12-13. The Committee is in the process of establishing a model personnel policy that the member counties can use and adapt for their needs. The Law Enforcement Committee is chaired by Ed Phillips and has been actively involved in several projects this year, one of which is the development of physical fitness standards for Sheriff officers. The Litigation Management Committee is chaired by Kent Sundberg and is made up of county attorneys and deputy county attorneys. This Committee meets monthly to review litigation matters, look at cases/claims filed against members and makes recommendations for settlement to the Board of Trustees. The Committee makes recommendations to the defense attorneys as to strategy and settlement tactics on cases and recommends defense firms to be used for specific cases. Kent encouraged the members to meet with the Committee if they have concerns or issues on specific cases.

1999 GENERAL BUDGET

Ty Lewis reported that the Board of Trustees approved the 1999 General Budget on September 3, 1998. Because of equipment problems the members were unable to view the Budget but could request a copy following the meeting. Ty explained that the only income of the Mutual is premiums and interest. Budgeted premiums for 1999 is \$3,045,000, which is an increase from last year of \$191,000 due to the additional premium of Weber County. This budget will be amended by the Board to include Carbon County. Investment income is budgeted at \$275,000, an increase of \$60,000. Claims administration fees increased 6% from \$229,000 to \$253,000 due to general increases in expenses. Administration of the Mutual is provided through a contract with the Utah Association of Counties and has increased due to the rent of the new UAC building. Interest on the debentures is budgeted at \$59,000. The Board will determine a payback portion on the debentures once the annual statement is complete. Miscellaneous expense has decreased \$6,000.

1999 MEMBER PREMIUM CONTRIBUTIONS


Tony Dearden reported that the total membership premium has not increased in the last three years. The only increase this year was with the addition of Carbon and Weber Counties. The Board has adopted a formula to determine each member county's premium. The cap on the loss fund changed from 5% to 7% for 1999 contributions. The total contribution for each member is broken down in three categories, loss fund, excess insurance and expense. The purpose of the loss fund contribution is to provide for payment of the UACIM obligations for losses and allocated loss expense contributable to the fund year. Members pay a portion of the loss fund based primarily on their individual loss history. Excess insurance is based on the exposures of the member counties. Expense to operate the mutual is allocated partially on a pro-rata basis and partially on a per member basis.

MEMBER COUNTY AWARDS

Ed Phillips reported that on behalf of the Board of Trustees, Gary Herbert will be presenting the following counties with a distinguished achievement award at the closing dinner on Friday. Rich County for the lowest loss ratio. Sanpete County for the most improved loss ratio. Utah County for the greatest program compliance.

ELECTION RESULTS

Gary Herbert reported that the fourth, fifth, sixth class representatives elected to the Board are Chad Johnson and Kent Petersen. The first, second, third class representative elected to the Board is Sarah Ann Skanchy. The at-large representatives elected to the Board are Gary Herbert and Royal Norman.


Approved on April 14, 1999
Dannie R. McConkie, UACIM Secretary-Treasurer
Davis County Commissioner

UAC INSURANCE MUTUAL

Membership Meeting

November 11, 1998

St. George Holiday Inn

NAME	COUNTY/TITLE	SIGNATURE
Aldred, Gayle	Washington County Commissioner	<i>Gayle M. Aldred</i>
Alexander, Doug	McLarens Toplis	<i>Doug Alexander</i>
Altom, Mark	Davis County Treasurer	
Anhder, Larry	Cache County Council Member	
Bailey, Rick	San Juan County Administrative Assistant	<i>Rick M. Bailey</i>
Bateman, Dave	Utah County Sheriff	<i>Dave Bateman</i>
Beck, Layne	Cache County Council Member	
Behling, JoAnn	Emery County Treasurer	
Bernini, Joe	Juab County Commissioner	<i>Joseph A. Bernini</i>
Blackwell, Kay	Piute County Commissioner	<i>Kay Blackwell</i>
Breinholt, Neil	Carbon County Commissioner	<i>Neil Breinholt</i>
Brown, Valeen	Piute County Clerk-Auditor	<i>Valeen H. Brown</i>
Chino, John	Arthur J. Gallagher & Company	
Dearden, Tony	Millard County Commissioner	<i>Tony Dearden</i>
DeCaria, Mark	Weber County Attorney	
Francis, Blair <i>Norman A. Weston</i>	Rich County Commissioner	<i>Norman A. Weston</i>
Gardner, Alan	Washington County Commissioner	
Gardner, Brent	UAC Executive Director	
Garff, Greg	Duchesne County Assessor	
Gibbons, Darrel	Cache County Council Member	
Gleed, Michael	Cache County Recorder	
Guzman, Shawn	UACIM Loss Control Manager	<i>Shawn Guzman</i>
Hardy, Jay	Box Elder County Commissioner	<i>Jay E. Hardy</i>
Herbert, Gary	Utah County Commissioner	<i>Gary Herbert</i>
Howarth, Boyd	Juab County Commissioner	<i>Boyd Howarth</i>
Howell, Kathleen	Cache County Assessor	
Hutchinson, Dave	Grand County Administrator	

Meek & Morrell, Wayne

Meek & Morrell

Ingram, Pat	Juab County Clerk-Auditor	
Isom, Margene	Davis County Clerk-Auditor	
Johnson, Chad	Beaver County Commissioner	Chad Johnson
Kappen, Ted	Duchesne County Commissioner	
Lemon, Lynn	Cache County Executive	Lynn Lemon
Lewis, Ty	San Juan County Commissioner	Ty Lewis
Liston, Louise	Garfield County Commissioner	
Lunt, Ike	Juab County Commissioner	Ike Lunt
McConkie, Dan	Davis County Commissioner	Dan McConkie
Milovich, Michael	Carbon County Commissioner	Michael Milovich
Moore, Camille	Garfield County Clerk-Auditor	Camille Moore
Mosher, Dale	Grand County Council Member	
Munns, Monte	Box Elder County Assessor-Treasurer	
Naylor, Clyde	Utah County Surveyor	Clyde Naylor
Nelson, Colene	Duchesne County Treasurer	
Norman, Royal	Box Elder County Commissioner	Royal K. Norman
Okerlund, Ralph	Sevier County Commissioner	Ralph Okerlund
Olsen, Tex	Sevier County Commissioner	Tex Olsen
Page, Carol	Davis County Commissioner	Carol Page
Partridge, Art	Washington County Deputy Assessor	
Pero, Robert	Carbon County Clerk-Auditor	
Petersen, Kent	Emery County Commissioner	Kent Petersen
Phillips, Ed	Millard County Sheriff	Ed Phillips
Rausch, John	Box Elder County Purchasing Agent	John Rausch
Rawlings, Steve	Davis County Finance Director	Steve Rawlings
Redd, Bill	San Juan County Commissioner	
Rich, Brett	UACIM Director	Brett Rich
Rollins, Richard	Beaver County Commissioner	
Ross, Larry	Duchesne County Commissioner	Larry Ross
Secrist, Carlla	Box Elder County Auditor	
Seely, Mike	Juab County Administrator	Mike Seely
Skanchy, Sarah Ann	Cache County Council Member	
Slater, Brad	Weber County Sheriff	Brad W. Slater
Snyder, Herb	Uintah County Commissioner	Herb Snyder

[illegible]



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

Memo

To: Kim Lee, Weber County Insurance Coordinator
From: Brett Rich
Date: September 21, 1998
Re: UACIM Membership Meeting

The Annual UACIM Membership meeting is scheduled for November 11, 1998, 4:00 p.m., at the St. George Holiday Inn. We look forward to a very positive and informative meeting. Some of the items to be discussed will require a vote of the members. Pursuant to the UACIM Bylaws, Article 4.5, *Members shall... (b), Designate in writing a representative and one or more alternate representatives for the members' meetings. Each representative and alternate representative must be an elected or appointed officer or employee of a member and must be appointed by majority vote of the governing body or by the county executive of the member to be the member's official representative for the purposes of the Mutual. An alternate representative may exercise all the powers of a representative during a member meeting, in the absence of the representative.*

As the appointed representative of your county, please sign below if you will be exercising voting powers at the meeting and designate an alternate. If you are unable to attend the meeting, please designate who will vote in your absence and an alternate to that designee.

Please fax your designation(s) to 801-265-9485. Your prompt attention is appreciated.

I will be voting on behalf of Weber County: _____
Kim Lee

I designate Commissioner Burton to vote on behalf of Weber County in my absence.

Commissioner Burton is an alternate for Weber County.



July 21, 1998

Utah Association of Counties Insurance Mutual
4021 South 700 East, Suite 180
Murray, UT 84107

Attention: Brett Rich
Director

SUMMARY OF OUR MANAGEMENT REVIEW

Warren, McVeigh & Griffin, Inc. was engaged by the Utah Association of Counties Insurance Mutual (UACIM) to conduct an independent management review. As part of this review we interviewed UACIM staff, reviewed underwriting and claims files, examined financial reports, analyzed insurance policies, evaluated operating procedures and compared UACIM's insurance program to other public and private entities.

Our principal conclusions from this review are as follows:

1. *UACIM provides a broad scope of insurance protection tailored to the needs of its member counties.* UACIM's insurance provides a \$100 million blanket per-occurrence property limit, \$5 million annual aggregate limits for earthquake and flood, and a \$2 million per occurrence limit for general/automobile, law enforcement, public officials and employment practices liability. Both "named insured" and "personal injury" are defined broadly.
2. *UACIM has continuously expanded the scope and limits of its insurance program at little cost to the members.* The program enhancements since 1991 include \$50 million boiler & machinery coverage, property limits doubled from \$50 to \$100 million, defense costs for inverse condemnation claims (up to \$25,000), and coverage for first-party pollutant clean-up (\$400,000 annual aggregate).
3. *UACIM's current financial condition is the strongest it has ever been.* UACIM's statutory surplus as of December 31, 1997 was \$2.3 million, exceeding the state requirement. The premiums paid by the members fully fund UACIM's retained aggregate limit.
4. *UACIM has secured a very competitive excess insurance program.* The excess program matches the primary UACIM program, provides per-loss protection above UACIM's retained limits of \$150,000 for property and \$250,000 for liability losses, and provides stop-loss protection once UACIM's retained losses exceed \$1.475 million.
5. *UACIM's member contributions are fairly priced and allocated by a loss-sensitive formula.* The total contributions are determined by UACIM's collective loss experience, program expenses and cost of

- excess insurance. The members' contributions are very competitive compared to commercial insurance premiums.
6. *UACIM provides its members a cost-effective group mechanism for purchasing optional coverages* which include excess earthquake and flood protection, a public officials bond program and a special events insurance program.
 7. *UACIM provides its members valuable loss control and risk management programs.* UACIM employs a full-time loss prevention manager specializing in law enforcement, civil rights, discrimination and employment areas, as well as traditional safety matters.
 8. *UACIM has a dedicated on-site claims staff to handle its members' claims.* The principal claims adjuster has managed UACIM's claims function since the program's inception. The two contracted claims staff are supported by the resources of a national adjusting firm.
 9. *Regulation by the Utah Department of Insurance provides a high degree of security.* Such regulation involves additional costs but provides assurance that UACIM meets all state requirements to protect policyholders.
 10. *If the current favorable loss experience continues, UACIM's members will build up substantial equity.* The surplus underwriting profits and investment income from the program legally belong to UACIM's members in the form of equity.

It was a pleasure working on this project.

Warren, McVeigh & Griffin, Inc.

Utah Association of Counties Insurance Mutual

Certificates of Insurance Overview

Presented by:

**Rich Stokluska, ARM
Arthur J. Gallagher & Co. Gallagher & Co.
Itasca, IL**

**Karen Fassbach
Arthur J. Gallagher & Co. Gallagher & Co.
Woodland Hills, CA**



Certificates of Insurance

What Is a Certificate of Insurance?

- A document which provides most of the relevant information pertaining to an entity's insurance



Certificates of Insurance

What Does a Certificate of Insurance Do?

- Lists the named insured's current insurance information
- Extends limited coverage to the certificate holder, if added as an additional insured
- Specifies rights of recovery should a loss occur (i.e. loss payee, mortgagee)
- Gives the certificate holder's insurer the information necessary to pursue recovery or subrogation



Certificates of Insurance

Why Obtain Additional Insured Status?

- To protect the resources and interests of the county
- To protect the financial interests of the UACIM
- To transfer the risk of loss to the responsible party
- To transfer the financial burden to another insurance company



Certificates of Insurance

Obtaining Certificates of Insurance Also Allows You to Verify:

- Coverage
- Limits of liability
- Insurance companies
- Policy term
- Additional insured status
- Compliance of the above items with regard to the contractual agreement or relationship



Certificates of Insurance

Problems With Certificates

- Cancellation notice requirements
- Carrier inadequacy
- Coverage inadequacy
- Adequacy of limits of insurance
- Dilution of limits (if aggregated)
- Changes in policy effective dates and insurance carriers



Certificates of Insurance

Points to Identify

- Producer
 - ▶ Lists the name and address of the insurance agent issuing the certificate
- Companies affording coverage
 - ▶ Shows the insurance company currently providing coverage
 - ▶ Insurance company shown should have an A.M. Best's rating of at least A-VII
 - ▶ *Helpful hint:* Ask the agent issuing the certificate of insurance to send a copy of the A.M. Best's report to you



Certificates of Insurance

Points to Identify

- Insured
 - ▶ Lists the named insured or policyholder information
- Type of insurance
 - ▶ Lists coverage or policies by line
 - ▶ *Helpful hint:* Do not accept claims made General Liability coverage



Certificates of Insurance

Points to Identify

- Policy numbers
 - ▶ Lists current policy numbers
 - ▶ *Helpful hint:* Do not accept "TBD" as a policy number
- Limits
 - ▶ Specifies limits of liability
 - ▶ *Helpful hint:* The excess liability limit extends coverage above the primary general liability, automobile liability, and employers liability limits



Certificates of Insurance

Points to Identify

- Description of operations
 - ▶ Used to show that additional insured status is being afforded to the county
 - ▶ Specifies the job, project, or location of premises
 - ▶ Lists mortgagee or loss payee information, if applicable
- Certificate holder
 - ▶ Gives name and address of the entity requesting the certificate of insurance



Certificates of Insurance

Points to Identify

- Cancellation
 - ▶ Provides wording limiting the responsibility of the insurance company and producing agent in the event of cancellation of the named insured's policy
 - ▶ *Helpful hint:* Request from the issuing company or agent that they delete the words "endeavor to" from the cancellation provision



Certificates of Insurance

Summary and Conclusions

- Obtain and scrutinize certificates of insurance
- Become an additional insured
- Look for, and be very wary of, hold harmless clauses
- Don't immediately "cave in" – it's a contract – negotiate!
- Seek advice of legal counsel

Sample Certificate of Insurance Provided by Contractor to the County

Contractor's
insurance broker

Name of contractor (it
should match the name
written in the original
agreement)

Claims Made or
Modified Occurrence
is NOT acceptable

This section should
reference the job
number, project name,
and/or location

This should name the
appropriate county entity
with proper address

ACORD CERTIFICATE OF INSURANCE						DATE (MM/DD/YY)
PRODUCER		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT EXTEND, ALTER OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.				
Arthur J. Gallagher & Co. The Gallagher Centre Two Pierce Place Itasca, IL 60143-3141		COMPANIES AFFORDING COVERAGE				
INSURED		COMPANY A				
		COMPANY B				
		COMPANY C				
		COMPANY D				
COVERAGES						
CO-TR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY				GENERAL AGGREGATE	
	COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMPOUND	
	CLAIMS MADE / MODIFIED OCCURRENCE				INDIVIDUAL & AGGREGATE	
	CONTRACTS & CONTRACTORS PAGE				EACH OCCURRENCE	
					TOTAL DAMAGE Any One Event	
					MAX. AMP. Any One Period	
	AUTOMOBILE LIABILITY				COVERED UNITS LIMIT	
	ANY AUTO				BODILY INJURY	
	ALL OWNED AUTOS				PER PERSON	
	RENTAL AUTOS				BODILY INJURY	
	HOV. AUTOS				PER AUTOMOBILE	
	NON-OWNED AUTOS				PROPERTY DAMAGE	
	GARAGE LIABILITY*				AUTOMOBILE - PER OCCURRENCE	
	(ANY AUTO)				EFFECTIVE DATE TO DATE	
					EACH OCCURRENCE	
					AGGREGATE	
	EXCESS LIABILITY*				MINIMUM EXCESS	
	(OVERLIES A FORM)				AGGREGATE	
	OTHER THAN UM/HEALTH FORM					
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				PER EMPLOYEE	
	PER EMPLOYEE				EACH OCCURRENCE	
	PER EMPLOYEE				EACH OCCURRENCE	
	OTHER				EACH OCCURRENCE	
DESCRIPTION OF OPERATION/LOCATION/VEHICLES/SPECIAL ITEMS						
CERTIFICATE HOLDER						
CANCELLATION						
NOTICE: ANY OF THE ABOVE DESCRIBED POLICIES IS CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL RE-ASSESS TO MAINTAIN 30 DAYS WRITTEN NOTICE TO THE CONTRACTOR. THE CONTRACTOR WILL BE RESPONSIBLE TO MAINTAIN SUCH NOTICE. THE CONTRACTOR WILL BE RESPONSIBLE TO MAINTAIN SUCH NOTICE. THE CONTRACTOR WILL BE RESPONSIBLE TO MAINTAIN SUCH NOTICE.						
AUTHORIZED REPRESENTATIVE						
James S. Gault						
(FOOTER)						
ACORD CORPORATION 1993						

Name of insurance
company

Current dates are
required

The two "each
occurrence" boxes
should total at least
as much as required
in the contract when
added together

The totals in each
box should be at
least \$500,000

If the contractor is
providing additional
insurances, they are
often listed here

Signed by the
broker only

This wording
should be "X"d out

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
CERTIFICATE OF INSURANCE
Review and Checklist

All Contractors, Manufacturers/Distributors, and Suppliers shall be required to carry and evidence insurance coverage with a standard Acord Certificate of Insurance with minimum limits applicable. Sample attached.

1. Minimum Insurance Requirements and Limits

Coverage		Limits	
A	Automobile Liability	\$1,000,000	Combined single limit
B	Commercial General Liability	\$1,000,000	Per occurrence
		\$2,000,000	General aggregate
All Commercial General Liability policies must include Blanket Contractual coverage and Broad Form Vendors' Liability coverage			
C	Workers' Compensation (Employers' Liability)	\$500,000	Per accident
		\$500,000	Disease limit
		\$500,000	Each disease
D	Umbrella Liability	\$5,000,000	Limit
The total limits for Automobile Liability, Commercial General Liability, and Employers' Liability shown above may be any combination of underlying and Umbrella coverage. We recommend that you require all contractors/suppliers carry and maintain a minimum of \$5,000,000 Umbrella Liability coverage over their underlying and manufacturers/distributors coverage			

2. Cancellation or Alteration

The policies of insurance required by this exhibit shall provide that they cannot be canceled or altered in a way changing coverage except after 30 days' prior written notice by certified mail to owner.

3. Workers' Compensation and General Liability Waiver of Subrogation in favor of the County.

Note: This should be required of contractors, manufacturers, and suppliers that will be performing potentially hazardous work for the County, i.e., roofing, contractor fixing a manufacturing plant roof.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
CERTIFICATE OF INSURANCE
Review and Checklist

4. Insurance Certificates

- A. Must be submitted ten (10) days prior to any work being performed to allow review of certificates.
- B. Certificates not meeting requirements must be revised and resubmitted within fifteen (15) days or the subcontractor will not be allowed on the jobsite.

5. Additional Insured and Broad Form Vendors' Liability in favor of the County.

The County must be named as an Additional Insured with the following wording appearing on the Certificate of Insurance.

"(County) and any official, trustee, director, officer, or employee of the County (plus any holder or mortgage as designated by the County) as to any and all projects, as an Additional Insured for the Commercial General Liability as respects any and all projects for any work being performed and this coverage will be primary and noncontributory."

6. Receipt of Certificates of Insurance

All Certificates of Insurance must be sent to the following ten (10) days prior to a contractor, manufacturer/distributor, and/or supplier starting work.

7. Minimum Insurance Carrier

All contractors, manufacturers/distributors, and suppliers' insurance carriers must comply with "minimum" A.M. Best's rating of A- VI for all insurance carriers. The County's coverage is excess.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

CERTIFICATE OF INSURANCE

Review and Checklist

[illegible]

ACORD CERTIFICATE OF INSURANCE

DATE (MM/DD/YY)

PRODUCER

Arthur J. Gallagher & Co.
The Gallagher Centre
Two Pierce Place
Itasca, IL 60143-3141

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY
A

COMPANY
B

COMPANY
C

COMPANY
D

INSURED

ABC Subcontractors
739 High Street
Small Town, IL 48970

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM, OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY				GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/> OWNERS' & CONTRACTORS' PROT				EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> UNDERGROUND EXPLOSION AND COLLAPSE HAZARD				FIRE DAMAGE (Any One Fire) \$ 50,000
					MED EXP (Any One Person) \$ 5,000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per Person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per Accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input checked="" type="checkbox"/> HIRED AUTOS				
	<input checked="" type="checkbox"/> NONOWNED AUTOS				
	GARAGE LIABILITY*				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY \$
					EACH ACCIDENT \$
					AGGREGATE \$
	EXCESS LIABILITY*				EACH OCCURRENCE \$ 5,000,000
	<input checked="" type="checkbox"/> UMBRELLA FORM				AGGREGATE \$ 5,000,000
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				\$
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				<input checked="" type="checkbox"/> WC STATU- TORY LIMITS <input type="checkbox"/> OTH- ER
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: <input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL				EL EACH ACCIDENT \$ 500,000
					EL DISEASE - POLICY LIMIT \$ 500,000
					EL DISEASE - EA EMPLOYEE \$ 500,000
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

James S. Gault

UAC Insurance Mutual

1998 COVERAGES

COVERAGE AREA	LIMITS	DEDUCTIBLE
Property Limits	100,150,000	500
General Liability	1,250,000/3,250,000	0
Inverse Condemnation	25,000 (defense only)	0
Pollution – property - liability	250,000 (aggregate UACIM) Herbicide/Pesticide Use Covered	1,000 0
Nurses Professional	1,250,000/3,250,000	0
Builders Risk	5,000,000 (90 day reporting)	500
Extra Expense Limits	1,150,000	500
Excess Liability	1,000,000 (umbrella)	0
Employee Benefit Liability	1,250,000/3,000,000	0
Contractors Equipment	Included in Property Limits	500
EDP Equipment	Per Schedule	500
EDP Extra Expense	50,000 per county	500
Valuable Papers	350,000	500
Fine Arts	50,000 per county	500
Accounts Receivable	250,000 per county	500
Employee Blanket Bond	400,000	0
Auto Physical Damage	Per Schedule	1,000
Auto Liability	1,250,000	0
Public Officials	1,250,000/1,250,000	0
Law Enforcement	1,250,000/3,250,000	0
Boiler & Machinery	50,000	1,000
Earthquake	5,000,000 (aggregate UACIM)	500
Flood	5,000,000 (aggregate UACIM)	500

UAC INSURANCE MUTUAL **Lowest Loss Ratio** **1998**

	Three-Year Losses	1998 Premium	Loss Ratio
Beaver	103,326	58,467	177%
Box Elder	68,670	186,390	37%
Cache	139,571	210,576	66%
Davis	579,751	302,203	192%
Duchesne	44,675	97,450	46%
Emery	96,508	205,253	47%
Garfield	20,462	65,669	31%
Grand	34,825	91,424	38%
Iron	48,709	154,572	32%
Juab	137,689	85,183	162%
Kane	113,790	59,776	190%
Millard	112,536	93,308	121%
Piute	7,174	16,357	44%
Rich	1,947	38,000	5%
San Juan	153,330	118,411	129%
Sanpete	7,751	91,357	8%
Sevier	26,994	72,824	37%
Uintah	148,110	177,914	83%
Utah	400,898	302,705	132%
Wasatch	92,051	119,317	77%
Washington	70,259	194,601	36%
Wayne	48,249	37,095	130%

UAC INSURANCE MUTUAL

Most Improved Award
1998

COUNTY	1996 Losses	1997 Losses	*1998 Losses	Three-Year Compare Total	1998 Renewal	Percent Improved
Beaver	89,553	5,616	8,157	103,326	117,403	0.88 -
Box Elder	28,366	9,179	31,125	68,670	144,591	0.47 -
Cache	106,590	10,111	22,870	139,571	280,904	0.50 -
Davis	236,431	268,011	75,309	579,751	441,057	1.31 +
Duchesne	26,272	8,735	9,668	44,675	74,872	0.60 -
Emery	68,210	20,048	8,250	96,508	174,023	0.55 -
Garfield	11,443	0	9,019	20,462	42,331	0.48 -
Grand	33,271	714	840	34,825	39,882	0.87 -
Iron	2,917	16,136	29,656	48,709	162,379	0.30 -
Juab	17,225	17,225	120,464	137,689	74,977	1.84 +
Kane	4,493	0	109,297	113,790	35,769	3.18 +
Millard	40,833	8,363	63,340	112,536	172,354	0.65 -
Plute	7,174	0	0	7,174	2,250	3.19 +
Rich	1,947	0	0	1,947	5,176	0.38 -
San Juan	41,216	5,522	106,592	153,330	124,475	1.23 +
Sanpete	4,134	1,776	1,841	7,751	46,820	0.17 -
Sevier	2,837	16,822	7,335	26,994	43,488	0.62 -
Uintah	47,473	86,943	13,694	148,110	291,455	0.51 -
Utah	211,450	97,725	91,723	400,898	615,862	0.65 -
Wasatch	41,914	47,315	2,822	92,051	224,446	0.41 -
Washington	21,060	9,144	40,055	70,259	249,684	0.28 -
Wayne	23,831	569	23,849	48,249	24,033	2.01 +
Weber						

*as of 10/31/98

FIRST, SECOND, THIRD CLASS

OFFICIAL BALLOT

1999 BOARD OF TRUSTEES

UAC Insurance Mutual

NOMINEES

(first, second, third class county representative)

- ☐ Alan Gardner, Washington County Commissioner
- ☐ Ann Skanchy, Cache County Council Member
- ☐ Brad Slater, Weber County Sheriff
- ☐ Herb Snyder, Uintah County Commissioner
- ☐
- ☐

(please vote for one representative)

NOMINEES

(at-large representative)

- ☐ Gary Herbert, Utah County Commissioner
- ☐ Lynn Lemon, Cache County Executive
- ☐ Royal Norman, Box Elder County Commissioner
- ☐
- ☐

(please vote for two representatives)

Instructions

This ballot is for the purpose of the First, Second, Third Class Counties to vote for their representative to serve on the UACIM Board of Trustees. Those counties include Box Elder, Cache, Carbon, Davis, Iron, Sanpete, Uintah, Utah, Washington and Weber. Nominations will be requested from the floor. Please write-in those nominations in the space(s) provided. Cast your